

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Sand Beach	County Huron
Fiscal Year End 3/31/07	Opinion Date 6/29/07	Date Audit Report Submitted to State August 8, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

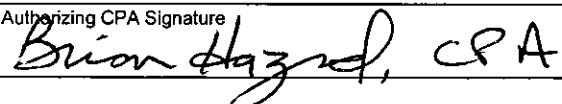
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No letter of comments	
Other (Describe)	<input type="checkbox"/>	No other reports are required	
Certified Public Accountant (Firm Name) Nietzke & Faupel, PC		Telephone Number (989)883-3122	
Street Address 41 E. Main St.		City Sebewaing	State MI
		Zip 48759	
Authorizing CPA Signature 		Printed Name Brian Hazard, CPA	License Number 1101014007

**TOWNSHIP OF SAND BEACH  
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT  
MARCH 31, 2007**

# TOWNSHIP OF SAND BEACH

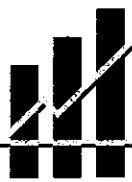
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**TOWNSHIP OF SAND BEACH**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Township Board Members  
Township of Sand Beach  
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Sand Beach, Huron County, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township of Sand Beach's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Sand Beach's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Sand Beach, Huron County, Michigan, as of March 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and other required supplemental information as listed in the table of contents are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

(Continued)

- i -

## Independent Auditor's Report (Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Sand Beach's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*- Nietzke & Faupel, PC*

NIETZKE & FAUPEL, P.C.  
PIGEON, MICHIGAN

July 20, 2007

## Management's Discussion and Analysis

Our discussion and analysis of Sand Beach Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2007. Please read it in conjunction with the Township's financial statements.

### **Financial Highlights**

The following points represent the most significant financial highlights for the year ended March 31, 2007. These points are discussed in further detail in this discussion and analysis.

- The fund balance in the general fund increased from \$582,244 to \$678,685 during the past year. This increase of \$96,441 is due primarily from two areas: a limited road construction year in which we spent \$150,366 out of a budgeted \$207,604, accounting for \$57,238 of the total increase (a planned under-expenditure to build fund equity for future large road projects), and interest income exceeding budgeted amounts by \$23,876.
- State Revenue Sharing payments for the year totaled \$105,287. This was \$213 lower than the budgeted amount of \$105,500. For comparison, the State Revenue Sharing payments for fiscal year 2005-06 totaled \$102,915.

### **Using This Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

## Management's Discussion and Analysis

**The Township as a Whole**

The following table shows a condensed view of the net assets as of March 31, 2007:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>March 31, 2007 Total</u>	<u>March 31, 2006 Total</u>
Current assets	\$805,832	\$2,416,255	\$3,222,087	\$2,999,411
Noncurrent assets	<u>56,858</u>	<u>2,367,851</u>	<u>2,424,709</u>	<u>2,698,972</u>
Total assets	<u>\$862,690</u>	<u>\$4,784,106</u>	<u>\$5,646,796</u>	<u>\$5,698,385</u>
Current liabilities		\$ 780,709	\$ 788,499	\$ 131,450
Noncurrent liabilities	\$ <u>7,709</u>	<u>2,614,004</u>	<u>2,614,004</u>	<u>3,482,071</u>
Total liabilities	\$ <u>7,790</u>	<u>\$3,394,713</u>	<u>\$3,402,503</u>	<u>\$3,613,521</u>
Net assets:				
Invested in capital assets-				
Net of related debt	\$ 56,858	\$ 342,851	\$ 399,709	\$ 333,582
Restricted	132,574	757,528	890,102	796,337
Unrestricted	<u>665,468</u>	<u>289,014</u>	<u>954,482</u>	<u>954,943</u>
Total net assets	<u>\$854,900</u>	<u>\$1,389,393</u>	<u>\$2,244,293</u>	<u>\$2,084,862</u>

Unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, ended the fiscal year with a balance of \$665,468. This is approximately 78% of the total net assets for governmental activities.



## Management's Discussion and Analysis

The following table shows the changes of the net assets during the year ended March 31, 2007 and, for comparison purposes, the year ended March 31, 2006 totals.

	Govern- mental Activities	Business- Type Activities	March 31, 2007 Total	March 31, 2006 Total
<b>Net assets-beginning of year</b>	<b><u>\$759,310</u></b>	<b><u>\$1,325,552</u></b>	<b><u>\$2,084,862</u></b>	<b><u>\$1,754,412</u></b>
Revenue				
Charges for services	34,730	74,072	108,802	111,712
Property taxes	248,068		248,068	238,636
State shared revenues	105,755		105,755	103,740
Unrestricted investment earnings	38,980	40,913	79,893	33,877
Miscellaneous	<u>5,215</u>	<u>183,595</u>	<u>188,810</u>	<u>242,160</u>
<b>Total revenues</b>	<b><u>432,747</u></b>	<b><u>298,580</u></b>	<b><u>731,327</u></b>	<b><u>730,125</u></b>
Expenses				
General government	77,763		77,763	71,017
Public safety	58,765		58,765	55,046
Highways & public improvements	165,946		165,946	32,437
Cemetery	20,624		20,624	22,446
Sanitation	14,061		14,061	13,700
Water	<u>          </u>	<u>234,739</u>	<u>234,739</u>	<u>206,368</u>
<b>Total expenses</b>	<b><u>337,159</u></b>	<b><u>234,739</u></b>	<b><u>571,898</u></b>	<b><u>401,014</u></b>
<b>Change in net assets</b>	<b>95,590</b>	<b>63,841</b>	<b>159,431</b>	<b>329,111</b>
Prior period adjustment	<u>          </u>	<u>          </u>	<u>          </u>	<u>1,339</u>
<b>Net assets – end of year</b>	<b><u>\$854,900</u></b>	<b><u>\$1,389,393</u></b>	<b><u>\$2,244,293</u></b>	<b><u>\$2,084,862</u></b>

**Business-type Activities**

The Township's business-type activities consist of a Water Fund. The Township supplies water to residents in a district along the M-25 corridor east to the Lake Huron shoreline. The water fund had a net income of \$63,841 for the year.

**Capital asset and Debt Administration**

As of March 31, 2007, Sand Beach Township had a total of approximately \$2,424,709 (net of depreciation) invested in capital assets including land, tile, buildings, equipment, water tower, and water distribution lines.

Debt service totaled \$236,915 (\$125,000 principal, \$110,940 interest, and \$975 bond fees) in the past year on bonded debt with a remaining outstanding balance of \$2,025,000.

**Economic Factors and Next Year's Budgets and Rates**

The Township anticipates re-paving 4 miles of McIntosh Road in the next 2 years. This project is expected to be paid with funds collected in the previous year for road construction as well as with funds to be collected in the next 2 years.

In 2005, Sand Beach Township refunded the 1999 Series General Obligation Bonds in order to lower the interest rates over the life of the loan. As part of the refunding a principal payment of \$500,000 in addition to the annual principal payment of \$125,000 is required and is due on December 1, 2007. The Township has sufficient funds set aside to make these payments in December 2007.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to Wade Mazure, Township Supervisor, 6573 Learman Road, Harbor Beach, MI 48441 or to Warren Geiger, Township Clerk, 8665 Lincoln Road, Harbor Beach, MI 48441.

## **BASIC FINANCIAL STATEMENTS**

# TOWNSHIP OF SAND BEACH

## STATEMENT OF NET ASSETS MARCH 31, 2007

<b>ASSETS</b>	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTALS</b>
Cash and investments	\$ 791,729	\$ 81,793	\$ 873,521
Cash and investments - restricted		757,528	757,528
Receivables:			
Taxes	11,210	18,578	29,788
Accounts		15,465	15,465
Accrued interest	2,893	8,524	11,418
Assessments		1,335,546	1,335,546
Capital assets:			
Land	13,120		13,120
Buildings	84,279		84,279
Water lines and tower		2,695,275	2,695,275
Equipment	13,521	13,082	26,603
Cemetery improvements	3,600		3,600
Less: Accumulated depreciation	(57,662)	(340,506)	(398,168)
Deferred charges (net of accumulated amortization)		198,821	198,821
<b>TOTAL ASSETS</b>	<b>862,690</b>	<b>4,784,106</b>	<b>5,646,796</b>
<b>LIABILITIES</b>			
Accounts and payroll withholdings payable	4,065	3,302	7,367
Accrued interest		30,865	30,865
Deferred revenue	3,725	1,335,546	1,339,271
Bonds payable		2,025,000	2,025,000
<b>TOTAL LIABILITIES</b>	<b>7,790</b>	<b>3,394,713</b>	<b>3,402,503</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	56,858	342,851	399,709
Restricted for:			
Perpetual care	82,641		82,641
Fire protection	3,391		3,391
Roads	48,090		48,090
Debt service		757,528	757,528
Unrestricted	663,920	289,014	952,934
<b>TOTAL NET ASSETS</b>	<b>\$ 854,900</b>	<b>\$ 1,389,393</b>	<b>\$ 2,244,293</b>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF SAND BEACH**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2007**

<b>PROGRAM REVENUES</b>				<b>NET (EXPENSE) REVENUES &amp; CHANGES IN NET ASSETS</b>		
	<b>CHARGES FOR</b>	<b>OPERATING</b>	<b>CAPITAL</b>	<b>GOVERNMENTAL</b>	<b>BUSINESS-TYPE</b>	<b>TOTALS</b>
	<b>EXPENSES</b>	<b>SERVICES</b>	<b>GRANTS AND</b>	<b>ACTIVITIES</b>	<b>ACTIVITIES</b>	
			<b>CONTRIBUTIONS</b>			
			<b>CONTRIBUTIONS</b>			
<u>Governmental Activities</u>						
General government	\$ 77,763			\$ (77,763)		\$ (77,763)
Public safety	58,765			(58,765)		(58,765)
Highways and public improvements	165,946			(165,946)		(165,946)
Cemetery	20,624	\$ 18,450		(2,173)		(2,173)
Sanitation	14,061	16,280		2,219		2,219
<b>Total governmental activities</b>	<b>337,159</b>	<b>34,730</b>	<b>-</b>	<b>(302,427)</b>		<b>(302,427)</b>
<u>Business-Type Activities</u>						
Water	234,739	74,072			\$ (160,667)	(160,667)
<b>Total Government</b>	<b>\$ 571,898</b>	<b>\$ 108,803</b>	<b>\$ -</b>	<b>(302,427)</b>	<b>(160,667)</b>	<b>(463,096)</b>
<b>General Revenue:</b>						
Property taxes				248,068		248,068
Intergovernmental				105,755		105,755
Unrestricted investment earnings				38,983	40,913	79,897
Miscellaneous				5,211	183,595	188,807
Transfers - net				-	-	-
<b>Total general revenues and transfers</b>				<b>398,017</b>	<b>224,508</b>	<b>622,526</b>
<b>Change in net assets</b>				<b>95,590</b>	<b>63,841</b>	<b>159,431</b>
<b>Net assets - beginning</b>				<b>759,310</b>	<b>1,325,552</b>	<b>2,084,862</b>
<b>Net assets - ending</b>				<b>\$ 854,900</b>	<b>\$ 1,389,393</b>	<b>\$ 2,244,293</b>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF SAND BEACH**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
MARCH 31, 2007**

			OTHER NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
<b><u>ASSETS</u></b>	<b><u>GENERAL</u></b>	<b><u>CEMETERY</u></b>	<b><u>FUNDS</u></b>	<b><u>FUNDS</u></b>
Cash and investments	\$ 668,537	\$ 40,583	\$ 82,608	\$ 791,729
Taxes receivable	11,210			11,210
Accrued interest receivable	2,728	133	33	2,893
<b>TOTAL ASSETS</b>	<b><u>\$ 682,475</u></b>	<b><u>\$ 40,716</u></b>	<b><u>\$ 82,641</u></b>	<b><u>\$ 805,832</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES:</b>				
Accounts and payroll withholdings payable	\$ 3,790	\$ 275		\$ 4,065
Deferred revenue -prepaid burials		3,725		3,725
<b>TOTAL LIABILITIES</b>	<b><u>3,790</u></b>	<b><u>4,000</u></b>		<b><u>7,790</u></b>
<b>FUND BALANCES:</b>				
Reserved for roads	48,090			48,090
Reserved for fire protection	3,391			3,391
Reserved for perpetual care			\$ 82,641	82,641
Unreserved	627,204	36,716		663,920
<b>TOTAL FUND BALANCES</b>	<b><u>678,685</u></b>	<b><u>36,716</u></b>	<b><u>82,641</u></b>	<b><u>798,042</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 682,475</u></b>	<b><u>\$ 40,716</u></b>	<b><u>\$ 82,641</u></b>	<b><u>\$ 805,832</u></b>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF SAND BEACH**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCES  
TO GOVERNMENTAL ACTIVITIES NET ASSETS  
MARCH 31, 2007**

<b>Total governmental fund balances</b>	<b>\$ 798,042</b>
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Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$114,520 less the accumulated depreciation of \$57,662.	56,858
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<b>Net assets - governmental activities</b>	<b><u>\$ 854,900</u></b>
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# TOWNSHIP OF SAND BEACH

## STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE GOVERNMENTAL FUNDS

FOR THE YEAR ENDED MARCH 31, 2007

	<u>GENERAL</u>	<u>CEMETERY</u>	<u>OTHER NONMAJOR GOVERNMENTAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUE:</b>				
Taxes	\$ 248,068			\$ 248,068
Licenses and permits	830			830
Intergovernmental revenues	105,755			105,755
Charges for services	16,280	\$ 17,700	\$ 750	34,730
Investment income	33,876	1,645	3,464	38,983
Other	4,181	200		4,381
<b>TOTAL REVENUE</b>	<u>408,990</u>	<u>19,545</u>	<u>4,214</u>	<u>432,748</u>
<b>EXPENDITURES:</b>				
General government	73,777			73,777
Public safety	58,765			58,765
Public works	165,946			165,946
Sanitation	14,061			14,061
Cemetery		20,624		20,624
<b>TOTAL EXPENDITURES</b>	<u>312,549</u>	<u>20,624</u>		<u>333,173</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>96,441</u>	<u>(1,079)</u>	<u>4,214</u>	<u>99,576</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in		3,412		3,412
Operating transfers out			(3,412)	(3,412)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		3,412	(3,412)	-
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u>96,441</u>	<u>2,333</u>	<u>802</u>	<u>99,576</u>
<b>FUND BALANCE - APRIL 1</b>	582,244	34,383	81,839	698,466
<b>FUND BALANCE - MARCH 31</b>	<u>\$ 678,685</u>	<u>\$ 36,716</u>	<u>\$ 82,641</u>	<u>\$ 798,042</u>

The accompanying notes are an integral part of the financial statements.



**TOWNSHIP OF SAND BEACH**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2007**

<b>Net change in fund balance - governmental funds</b>	<b>\$ 99,576</b>
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Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
*Statement of Activities*, assets with an initial, individual cost of more than  
\$1,000 are capitalized and the cost is allocated over their estimated useful  
lives and reported as depreciation expense. This is the amount by which  
depreciation exceeded capital outlay in the current period.

Capital outlays	\$ -	
Depreciation expense	<u>(3,986)</u>	(3,986)

<b>Change in net assets of governmental activities</b>	<b><u>\$ 95,590</u></b>
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**TOWNSHIP OF SAND BEACH**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND - WATER FUND**  
**MARCH 31, 2007**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 81,793
Accounts receivable	15,465
Accrued interest receivable	8,524
Delinquent assessments receivable	18,578
Assessments receivable - Current portion	121,542

**TOTAL CURRENT ASSETS**

245,903

**RESTRICTED ASSETS:**

Cash-Debt service	1,017
Investments-Debt service	756,511

**TOTAL RESTRICTED ASSETS**

757,528

**CAPITAL ASSETS:**

Water lines and tower	2,695,275
Equipment	13,082
	2,708,357
Less: Accumulated depreciation	(340,506)

**CAPITAL ASSETS - NET**

2,367,851

**OTHER ASSETS:**

Assessments receivable	1,214,004
Deferred charges (net of accumulated amortization)	198,821

**TOTAL OTHER ASSETS**

1,412,825

**TOTAL ASSETS**

4,784,106

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable	2,856
Payroll taxes payable	447
Deferred revenue-Current portion	121,542
Payable from restricted assets:	
Bonds payable - Current portion	625,000
Accrued interest payable	30,865

**TOTAL CURRENT LIABILITIES**

780,709

**NONCURRENT LIABILITIES:**

Bonds payable - County	1,400,000
Deferred revenue	1,214,004

**TOTAL NONCURRENT LIABILITIES**

2,614,004

**TOTAL LIABILITIES**

3,394,713

**NET ASSETS**

Invested in capital assets, net of related debt	342,851
Restricted for:	
Debt service	757,528
Unrestricted	289,014

**TOTAL NET ASSETS**

\$ 1,389,393

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF SAND BEACH**

**STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND - WATER FUND  
FOR THE YEAR ENDED MARCH 31, 2007**

**OPERATING REVENUE:**

Charges for services	\$ 74,072
<b>TOTAL OPERATING REVENUE</b>	<u>74,072</u>

**OPERATING EXPENSES:**

Bookkeeping	1,491
Mileage	302
Miscellaneous	692
Postage	173
Supplies	3,210
Taxes - Payroll	726
Utilities	966
Wages	9,496
Water purchased	27,338
Water testing	192
Depreciation expense	54,887
Professional fees	735
Repairs	3,028
Insurance	3,021
<b>TOTAL OPERATING EXPENSES</b>	<u>106,256</u>

<b>OPERATING (LOSS)</b>	<u>(32,184)</u>
-------------------------	-----------------

**NONOPERATING REVENUE (EXPENSES):**

Investment income	40,913
Rental income	5,000
Special assessments	178,595
Interest expense	(110,940)
Bond Fees	(975)
Amortization of bond issue costs	(16,568)
<b>TOTAL NONOPERATING REVENUE</b>	<u>96,025</u>

<b>CHANGE IN NET ASSETS</b>	<u>63,841</u>
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<b>NET ASSETS - APRIL 1</b>	1,325,552
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<b>NET ASSETS - MARCH 31</b>	<u>\$ 1,389,393</u>
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The accompanying notes are an integral  
part of the financial statements.

**TOWNSHIP OF SAND BEACH**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - WATER FUND  
FOR THE YEAR ENDED MARCH 31, 2007**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from customers	\$ 73,018
Cash payments for goods and services	(38,293)
Cash payments to employees	(10,222)

<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>24,503</u>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Principal paid on bonds	(125,000)
Interest and fees paid on bonds	(81,050)
Collection of special assessments	182,023
Rental income	5,000

<b>NET CASH (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(19,027)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES:**

Investment income	32,388
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<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>32,388</u>
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<b>NET INCREASE IN CASH AND RESTRICTED CASH</b>	<u>37,864</u>
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<b>CASH AND RESTRICTED CASH - APRIL 1</b>	801,457
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<b>CASH AND RESTRICTED CASH - MARCH 31</b>	<u>\$ 839,321</u>
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**Cash Reconciliation:**

Cash	\$ 81,793
Restricted Cash	757,528

<b>Total</b>	<u>\$ 839,321</u>
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**RECONCILIATION OF OPERATING (LOSS) TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating (loss)	\$ (32,184)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	54,887
Change in assets and liabilities:	
(Increase) in accounts receivable	(1,053)
(Decrease) in payroll taxes payable	(3)
Increase in accounts payable	2,856

<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 24,503</u>
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**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Description of Township Operations:**

The Township is located in Huron County, Michigan, and has approximately 1,470 residents. It is governed by a five person elected board and provides the following services to its residents: fire protection, highways and streets, sanitation facility, general administrative services and water services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used in the Township are discussed below.

**Reporting Entity:**

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 pronouncement. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no organizations that are deemed to be component units of the Township.

**Government Wide and Fund Financial Statements:**

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Township's general administrative services, public safety, highways and public improvements, sanitation and cemetery, are classified as governmental activities. The Township's water activities are classified as business-type activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Township are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

State revenue sharing, charges for service, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Township.

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**  
**(Continued)**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Township reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**Cemetery Fund** – The Cemetery Fund is a special revenue fund used by the Township to account for the revenue and activities of the Township's cemetery. Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities.

The Township reports the following major proprietary fund:

**Water Fund** – The Water Fund accounts for the activities of the Township's water distribution system.

Additionally, the Township reports the following nonmajor fund type:

**Permanent Fund** – The Permanent Fund is legally restricted to expenditures for the perpetual care of the cemetery.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Utility enterprise fund are charges to customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

(Continued)

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Cash and Cash Equivalents:**

Cash and cash equivalents of the Township include cash on hand and all deposits with financial institutions, including all certificates of deposit.

**Receivables and Payables:**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans or "advances to/from other funds"). All other outstanding balances between funds are reported as "due to/from other funds."

Other receivables at March 31, 2007 consist of property taxes and billings for user charged services, including utility services. Taxes and utility charges are deemed collectible in full.

**Property Taxes:**

Properties are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14, with the final collection date of February 28, before they are added to the county tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15 to 50
Buildings	25 to 50
Machinery and equipment	5 to 20
Improvements other than buildings	20

(Continued)



**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Capital Assets: (Continued)**

Depreciation of capital assets used by governmental funds is charged as an expense against their operations on the Statement of Activities. Accumulated depreciation is reported on the governmental fund Statement of Net Assets. Depreciation expense for the year ended March 31, 2007 was \$3,986. There were no capital asset acquisitions in the governmental funds for the year ended March 31, 2007 or asset dispositions. A summary of Governmental Fund capital assets at March 31, 2007, follows:

	<b>March 31,</b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>
Land	\$13,120	\$13,120
Land improvements	3,600	3,600
Buildings	84,279	84,279
Equipment	13,521	13,521
Less accumulated depreciation	<u>(57,662)</u>	<u>(53,676)</u>
<b>NET GOVERNMENTAL FUND CAPITAL ASSETS</b>	<b><u>\$56,858</u></b>	<b><u>\$60,844</u></b>

Depreciation of capital assets used by business-type funds is charged as an expense against their operations. Accumulated depreciation is reported on business-type fund balance sheets. Depreciation expense for the year ended March 31, 2007 was \$54,887. There were no capital asset acquisitions in the business-type funds or asset dispositions for the year ended March 31, 2007. A summary of Business-Type Fund capital assets at March 31, 2007, follows:

	<b>March 31,</b>	
	<b><u>2007</u></b>	<b><u>2006</u></b>
Water system and tower	\$2,695,275	\$2,695,275
Equipment	13,082	13,082
Less accumulated depreciation	<u>(340,506)</u>	<u>(285,619)</u>
<b>NET BUSINESS-TYPE FUND CAPITAL ASSETS</b>	<b><u>\$2,367,851</u></b>	<b><u>\$2,422,738</u></b>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 2,617
Cemetery	<u>1,369</u>
Total depreciation expense – governmental activities	<u>\$ 3,986</u>
Business-type activities:	
Water	<u>\$54,887</u>
Total depreciation expense – business-type activities	<u>\$54,887</u>

**Compensated Absences:**

The Township does not offer vacation or sick leave for employees. Therefore, there is no liability for compensated absences to report.

(Continued)

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Long-Term Debt:**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amounts of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Use of Estimates:**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 – BUDGET COMPLIANCE:**

In the required supplemental information, the Township's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level. Actual expenditures were within budgeted amounts.

**NOTE 3 – DETAIL NOTES ON ALL FUNDS:**

**A. Deposits and Investments:**

Deposits and investments at March 31, 2007 consist of the following:

<b>Deposits</b>		<b>Weighted Average Maturity</b>
Cash in bank		
Checking	\$ 20,394	
Certificates of deposit	158,895	
<b>Investments (Market value)</b>		
Money market fund	49,253	.0027*
Federal Home Loan Bank Bond (3.5% interest, due 11/15/07, Rated AAA)	484,904	1.63
Government securities mutual fund	917,603	.0027
Total cash and investments	<u>\$1,631,049</u>	

\* .0027 equals one day maturity

(Continued)

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS: (CONTINUED)**

**Deposits**—The amount of the Township's deposits at March 31, 2007, that were covered by federal depository insurance totaled \$227,571 and \$5,000 were uninsured and uncollateralized.

Michigan Compiled Laws Section 129.91 authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority. The Township's investment policy does not specifically address credit risk, custodial credit risk, concentration of credit risk, or interest rate risk in accordance with GASB Statement 40.

**B. Property Taxes:**

Property taxes are levied based on the taxable value of property located in the Township. Assessed value is established annually and equalized by the State at an estimated 50% of current market value. A comparison of the assessed and taxable property values for the 2006 tax levy is as follows:

	<b><u>ASSESSED VALUE</u></b>	<b><u>TAXABLE VALUE</u></b>
Real property-Regular roll	\$74,501,300	\$56,300,550
Personal property-Regular roll	<u>1,933,100</u>	<u>1,933,100</u>
<b>TOTAL</b>	<b><u>\$76,434,400</u></b>	<b><u>\$58,233,650</u></b>

For the year ended March 31, 2007, the Township levied 1.11 mills for general governmental services, 1.90 mills for roads, and .90 mills for fire. Total millage levied was 3.91.

**C. Risk Management:**

Sand Beach Township participates in the Michigan Township Participating Plan, which is a public entity risk pool, for the coverage of significant losses due to its general liability. The participation in the pool constitutes transfer of the risk for significant losses to the pool for real and personal property losses and for liability losses. Sand Beach Township is required to pay annual premiums to the Michigan Township Participating Plan for the liability coverage. No supplemental premium assessment is required by the Michigan Township Participating Plan. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**NOTE 4 – LONG-TERM DEBT:**

The general obligation bond payable to Huron County D.P.W. provides for semi-annual payments sufficient in amount to pay the County D.P.W. bonds. The following is a summary of the County D.P.W. bond transactions for the year ended March 31, 2007:

Balance April 1, 2006	\$2,150,000
Principal payments	(125,000)
Balance March 31, 2007	<u>\$2,025,000</u>

The following is a summary of annual principal and interest payments for the Township's bonds payable at March 31:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>RATE</u>
2008	\$ 625,000	\$ 74,076	\$ 699,076	4.85%
2009	135,000	49,738	184,738	3.00%
2010	130,000	45,438	175,438	3.50%
2011	130,000	40,888	170,888	3.50%
2012	130,000	36,175	166,175	3.75%
2013 - 2017	630,000	108,688	738,688	3.80%
2018 - 2019	245,000	9,700	254,700	4.00%
	<u>\$2,025,000</u>	<u>\$364,703</u>	<u>\$2,389,703</u>	

**NOTE 5 FUND BALANCE RESERVATION:**

The Township tracks the surplus or loss annually for the road construction and fire protection. The amount set aside as reservations at March 31, 2007 are accumulation of funds for roads and fire protection. The balance for roads is \$48,090 and the amount for fire protection is \$3,391.

**NOTE 6 – JOINT VENTURE:**

**Fire Protection** – Pursuant to an inter-local agreement dated September 10, 1984 between the Township and the City of Harbor Beach, fire protection services are provided by the Harbor Beach Community Fire Protection Association. At inception, the Township contributed \$200,400 for its equity interest in the equipment of the Association. The Township makes annual operating contributions to the Association based on a formula involving SEV, population, dwelling units, number of fire runs and miles of roads which is included in the agreement and amounted to \$53,220 for the year ended March 31, 2007. The equity interest is calculated based on the Township's total contributions as a percentage of all contributions received by the Association. As of March 31, 2007, the equity interest recorded by the Township consists of the original contribution in the amount of \$200,400. Separate financial statements through 2004 for the joint venture are available from the Harbor Beach Community Fire Protection Association. As of December 31, 2004, the net assets amounted to \$360,495.

**TOWNSHIP OF SAND BEACH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2007**

**NOTE 6 – JOINT VENTURE: (CONTINUED)**

**Ambulance Service** – Pursuant to an interlocal agreement dated October 2, 1978 between the Township and the City of Harbor Beach, the Villages of Port Hope and Forestville, and Townships of Bloomfield, Gore, Huron, Rubicon, Sherman, the north half of Delaware and the east half of Sigel, ambulance service is provided by the Eastern Huron Ambulance Service Association. The Township makes annual operating contributions to the Association based on population of the Township which amounted to \$4,410 for the year ended March 31, 2007. The equity interest is calculated based on the Township's total contributions as a percentage of all contributions received by the Association. However, upon withdrawal by a constituent unit, the equity interest can be received only in the form of ambulance runs. Separate financial statements for the joint venture are available from the Eastern Huron Ambulance Service Association. As of December 31, 2005, net assets amounted to \$372,930.

**NOTE 7 – CONTINGENT LIABILITIES:**

The Township is a reimbursing employer for purposes of unemployment insurance claims against the Township. The Township reimburses the State of Michigan for all benefits charged against it in the event of termination of employment and subsequent claims of its employees. The contingent liability for unemployment insurance claims is not recognized in the accompanying financial statements. This expense is recognized as incurred.

**REQUIRED SUPPLEMENTAL INFORMATION**

**TOWNSHIP OF SAND BEACH**

**GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
<b>TAXES:</b>				
Taxes	\$ 228,000	\$ 228,000	\$ 228,204	\$ 204
Administration fees	19,000	19,000	19,864	864
<b>TOTAL TAXES</b>	<u>247,000</u>	<u>247,000</u>	<u>248,068</u>	<u>1,068</u>
<b>LICENSES AND PERMITS</b>	<u>1,100</u>	<u>1,100</u>	<u>830</u>	<u>(270)</u>
<b>INTERGOVERNMENTAL:</b>				
State revenue sharing	105,200	105,500	105,287	(213)
Liquor fees	825	825	468	(357)
<b>TOTAL INTERGOVERNMENTAL</b>	<u>106,025</u>	<u>106,325</u>	<u>105,755</u>	<u>(570)</u>
<b>CHARGES FOR SERVICES</b>	<u>16,300</u>	<u>16,300</u>	<u>16,280</u>	<u>(20)</u>
<b>INTEREST</b>	<u>10,000</u>	<u>10,000</u>	<u>33,876</u>	<u>23,876</u>
<b>OTHER REVENUE</b>	<u>4,860</u>	<u>4,860</u>	<u>4,181</u>	<u>(679)</u>
<b>TOTAL REVENUES</b>	<u>385,285</u>	<u>385,585</u>	<u>408,990</u>	<u>23,406</u>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT:</b>				
Supervisor and assessor salary	18,520	18,520	18,520	-
Treasurer salary	9,593	9,593	9,593	-
Clerk salary	9,593	9,593	9,593	-
Trustees salaries	2,650	2,650	2,650	-
Administration:				
Supplies and materials	4,000	4,000	3,279	721
Travel	2,000	2,000	1,844	156
Special permit expense	500	500	-	500
Legal and audit	3,200	3,300	1,275	2,025
Printing and publishing	300	300	171	129
Hall repairs	1,500	2,100	1,712	388
Insurance	4,800	5,100	4,805	295
Dues	1,200	1,200	1,049	151
Utilities	1,500	1,500	1,500	0
Taxes - FICA	4,200	4,200	3,777	423
Board of review	1,500	1,500	951	549
Summer tax collection	2,800	2,800	2,790	10

**TOWNSHIP OF SAND BEACH**

**GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -  
BUDGET AND ACTUAL**

**FOR THE YEAR ENDED MARCH 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES: (Continued)</b>				
<b>GENERAL GOVERNMENT: (Continued)</b>				
Miscellaneous	3,450	3,450	229	3,221
Contract services	2,300	2,800	2,784	16
Bookkeeping	1,300	1,300	900	400
Election	4,200	4,200	2,589	1,611
Education	2,100	600	115	485
Liquor inspections	825	825	468	357
Capital outlay	1,850	3,300	3,183	117
<b>TOTAL GENERAL GOVERNMENT</b>	<u>83,881</u>	<u>85,331</u>	<u>73,777</u>	<u>11,554</u>
<b>PUBLIC SAFETY:</b>				
Fire protection	54,000	54,000	53,220	780
Ambulance	4,410	4,410	4,410	-
Zoning salaries	1,000	1,200	1,135	65
<b>TOTAL PUBLIC SAFETY</b>	<u>59,410</u>	<u>59,610</u>	<u>58,765</u>	<u>845</u>
<b>PUBLIC WORKS:</b>				
Drains at large	1,000	1,000	810	190
Road maintenance and construction	209,354	207,604	150,366	57,238
Ditches	500	500	-	500
Brine	6,440	6,440	6,354	86
Road right of way	3,200	3,500	3,416	84
Hydrant rental	5,000	5,000	5,000	-
<b>TOTAL PUBLIC WORKS</b>	<u>225,494</u>	<u>224,044</u>	<u>165,946</u>	<u>58,098</u>
<b>SANITATION:</b>				
Sanitation salaries	3,500	3,600	3,523	77
Sanitation supplies and materials	13,000	13,000	10,538	2,462
<b>TOTAL SANITATION</b>	<u>16,500</u>	<u>16,600</u>	<u>14,061</u>	<u>2,539</u>
<b>TOTAL EXPENDITURES</b>	<u>385,285</u>	<u>385,585</u>	<u>312,549</u>	<u>73,036</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>96,441</u>	<u>96,441</u>
<b>FUND BALANCE - APRIL 1</b>	582,244	582,244	582,244	
<b>FUND BALANCE - MARCH 31</b>	<u>\$ 582,244</u>	<u>\$ 582,244</u>	<u>\$ 678,685</u>	<u>\$ 96,441</u>



**TOWNSHIP OF SAND BEACH**

**CEMETERY FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2007**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE:</b>				
Charges for services	\$ 20,500	\$20,800	\$17,700	\$ (3,100)
Investment income	800	800	1,645	845
Other	200	200	200	0
<b>TOTAL REVENUE</b>	<u>21,500</u>	<u>21,800</u>	<u>19,545</u>	<u>(2,255)</u>
<b>EXPENDITURES:</b>				
Cemetery	23,920	24,220	20,624	3,596
<b>TOTAL EXPENDITURES</b>	<u>23,920</u>	<u>24,220</u>	<u>20,624</u>	<u>3,596</u>
<b>EXCESS OF REVENUE (UNDER) EXPENDITURES</b>	<u>(2,420)</u>	<u>(2,420)</u>	<u>(1,079)</u>	<u>1,341</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	2,000	2,000	3,412	1,412
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	<u>(420)</u>	<u>(420)</u>	<u>2,333</u>	<u>2,753</u>
<b>FUND BALANCE - APRIL 1</b>	34,383	34,383	34,383	
<b>FUND BALANCE - MARCH 31</b>	<u>\$ 33,963</u>	<u>\$33,963</u>	<u>\$36,716</u>	<u>\$ 2,753</u>

## **SUPPLEMENTAL INFORMATION**

**TOWNSHIP OF SAND BEACH**

**TAX COLLECTION AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED MARCH 31, 2007**

<b><u>ASSETS</u></b>	<b>BALANCE APRIL 1, <u>2006</u></b>	<b><u>ADDITIONS</u></b>	<b><u>DEDUCTIONS</u></b>	<b>BALANCE MARCH 31, <u>2007</u></b>
Cash in bank	\$ -	\$1,935,195	\$ 1,935,195	\$ -
<b>TOTAL ASSETS</b>	<b><u>\$ -</u></b>	<b><u>\$1,935,195</u></b>	<b><u>\$ 1,935,195</u></b>	<b><u>\$ -</u></b>
 <b><u>LIABILITIES</u></b>				
Due to Huron County	\$ -	\$ 693,722	\$ 693,722	\$ -
Due to schools	-	714,251	714,251	-
Due to library	-	87,123	87,123	-
Due to other funds	-	440,099	440,099	-
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$1,935,195</u></b>	<b><u>\$ 1,935,195</u></b>	<b><u>-</u></b>

**TOWNSHIP OF SAND BEACH**

**TAX COLLECTION AGENCY FUND  
SCHEDULE OF ADDITIONS AND DEDUCTIONS  
FOR THE YEAR ENDED MARCH 31, 2007**

**ADDITIONS:**

Current property tax	\$ 1,900,434
County revolving fund	31,266
Interest	3,345
Miscellaneous	150

**TOTAL ADDITIONS**

1,935,195

**DEDUCTIONS:**

Huron County	356,878
Huron County - SET	336,844
Huron Intermediate School District	263,538
Harbor Beach Community Schools	229,737
Harbor Beach District Library	87,123
Township allocated	63,966
Township roads	109,505
Township fire protection	51,932
Township water assessment	175,882
Siegel School #4	108
Harbor Beach school debt	218,077
SET collection fee	2,790
Other	38,813

**TOTAL DEDUCTIONS**

1,935,195

**NET ADDITIONS OVER DEDUCTIONS**

\$ -